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SUPERFUND RECORDS

THE EAGLE-PICHER COMPANY



ANNUAL REPORT 1965

009253

ANNUAL REPORT

FOR THE

FISCAL YEAR ENDED NOVEMBER 30 1965



THE EAGLE PICHER COMPANY
CINCINNATI, OHIO

in 1965 as has been the case for some years and seven of the eight divisions contributed to the overall increase

Income before taxes was \$9 677 78 in 1965 compared with \$7 611 088 in 1964 an increase of 27.2%. The improvement in net income after taxes was 34%, compared with the 25.6% gain in net sales

To upgrade our product lines we have been directing special efforts in sales production and research and development to products which earn a better than average profit. We believe that the improvement in profit margin achieved in 1965 was due in part to this policy. When one considers the Company's large sales volume relative to its capitalization it is obvious that per share earnings may be increased further by adhering to this course

The Company has generated cash at a high and rising level in recent years. Cash flow may be defined as the sum of net income, the provision for depreciation depletion and amortization and deferred Federal taxes on income. Using this basis cash flow in 1965 was \$10 079 248 or \$4.77 per share compared with \$8 282 636 or \$4.11 per share in 1964 and \$7 333 905 or \$3.63 per share in 1963

BALANCE SHEET

Shareholders' net worth at November 30, 1965 was \$57 732 159 equivalent to \$24.25 per common share compared with \$55 771 052 or \$23.97 per share at November 30, 1964

Current assets at November 30, 1965 including \$13 236 897 cash aggregated \$57 196 555 compared with current liabilities of \$20 708 701 a ratio of 2.8 to 1

Net fixed assets at November 30, 1965 totaled \$37 939 891 an increase of \$2 161 799 over the corresponding figure of \$35 778 092 a year earlier

Long term debt was reduced by \$1 000 000 to \$17 500 000 at November 30, 1965 the \$1 000 000 installment due in 1966 is classified as a current liability

Deferred Federal taxes on income increased \$300 000 during the year to \$2 800 000 on November 30, 1965

DIVIDENDS

Dividends of \$1.20 per share were paid on the common stock in 1965 the same rate as in the previous year. Dividends have been paid in each of the last 30 years and for 103 consecutive quarters

DIRECTORS

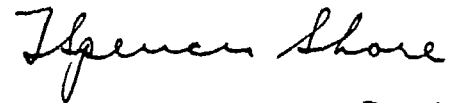
At the Annual Meeting in March, Mr. Richard Serviss was elected a member of the Board of Directors. Mr. Serviss, who joined the Eagle Picher organization in 1934, is Secretary and General Counsel of the Company.

In August, Mr. Daniel W. LeBlond, President of the R. K. LeBlond Machine Tool Company, was elected a member of the Board of Directors.

OUTLOOK

Another year of high industrial activity is expected in 1966 although some believe that the rate of growth will be below that of 1965 and that profit margins will be under some pressure. Certainly there will be no lack of problems, both economic and political, and competition in almost every industry becomes greater each year.

For our part we anticipate an increase in per share earnings in 1966 which if accomplished would mark the fifth consecutive year of improvement. We believe that the Company is now in a stronger overall position than at any time in its history.



President

Cincinnati, Ohio
January 25, 1966

THE EAGLE-PICHER COMPANY AND DOMESTIC SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
YEARS ENDED NOVEMBER 30 1965 AND 1964

	1965	1964
INCOME		
Net sales	\$164 155 507	\$130 674 203
Other income	394 788	202 035
	<u>164 550 295</u>	<u>130 876 238</u>
COSTS AND EXPENSES		
Manufacturing and production costs	135 758 261	108 753 131
Selling and administrative expenses	14 282 820	10 801 869
Depreciation depletion and amortization	4 001 465	3 271,548
Taxes on income	3 900 000	3 300 000
Interest	829 966	438 602
	<u>158 772 512</u>	<u>126 565 150</u>
NET INCOME	5 777 783	4 311 088
RETAINED EARNINGS AT BEGINNING OF YEAR		
(including in 1965 retained earnings of pooled company less dividends paid)	37 221 338	35 086 274
	<u>42 999 121</u>	<u>39,397 362</u>
DIVIDENDS		
Preference stock	350 000	165 000
Common stock	2 397 947	2 409 963
	<u>2 747 947</u>	<u>2 574 963</u>
OTHER CHARGE		
Provision for loss on disposal of equipment	500 000	—
	<u>3 247 947</u>	<u>2 574 963</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 39 751 174</u>	<u>\$ 36 822 399</u>

The accompanying notes are an integral part of this statement

THE EAGLE Picher Company
CONSOLIDATED BALANCE SHEET

ASSETS		
	1965	1964
CURRENT ASSETS		
Cash	\$13 236 897	\$10 491 788
Accounts and notes receivable less allowance for doubtful accounts \$282 683 and \$296 490	20 262 211	18 566 084
Inventories	23 158 349	23 805 941
Prepaid expenses	539 098	952 948
Total Current Assets	57 196 555	53 816 761
INVESTMENTS AT COST AND ADVANCES	1 662 873	1 500 677
PROPERTY PLANT AND EQUIPMENT — at cost less allowance for depreciation and depletion \$53 229 904 and \$50 270 896	37 939 891	35 778 092
DEFERRED CHARGES	1 322 496	1 402 053
PATENTS — at cost less amortization	576 066	740 532
COST IN EXCESS OF BOOK VALUE OF ASSETS ACQUIRED	1 300 000	1 300 000
	<u>\$99 997 881</u>	<u>\$94 538 110</u>

The accompanying notes are an

AND DOMESTIC SUBSIDIARIES

AS AT NOVEMBER 30, 1965 AND 1964

LIABILITIES

	1965	1964
CURRENT LIABILITIES		
Accounts payable	\$10 003 589	\$10 039 429
Dividends payable	707 796	684 289
Accrued liabilities	4 865 120	4 094 671
Federal taxes on income less U S Government obligations at cost — 1964 \$2 800 000	4 132 196	620 261
Long term debt — current portion	1 000 000	1 000 000
Total Current Liabilities	20 708 701	16 438 650
LONG TERM DEBT less current portion	17 500 000	18 500 000
RESERVES FOR SELF INSURANCE	1 257 021	1 328 413
DEFERRED FEDERAL TAXES ON INCOME	2 800 000	2 500 000
SHAREHOLDERS EQUITY		
Cumulative serial preference stock — no par authorized 750 000 shares outstanding 250 000 shares \$1 40 convertible Series A	8 250 000	8 250 000
Common stock — \$5 par authorized 3 000 000 shares outstanding 2 067 654 shares	10 338 270	10 338 270
Capital surplus	142 160	2 468 694
Retained earnings	39 751 174	36 822 399
	58 481 604	57 879 363
Less Treasury stock 27 332 and 80 000 shares at cost	749 445	2 108 311
Total shareholders equity	57 732 159	55 771 052
	\$99 997 881	\$94 538 115

qual part of this balance sheet

THE EAGLE PICHER COMPANY AND DOMESTIC SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30 1965

The accompanying financial statements include the accounts of The Premier Rubber Manufacturing Company for the year ended November 30 1965 in accordance with the accounting principle which recognizes pooling of interests. Amounts relating to prior years have not been restated because such amounts are not material.

Inventories are stated at the lower of cost or market with the exception of certain quantities of lead and zinc valued under the base stock method at fixed prices which are lower than cost or market.

During 1965 certain production facilities were consolidated and/or eliminated. The asset value of excess equipment was written down net of tax effect to estimated realizable value by a charge to retained earnings. Related expenses such as relocating equipment terminating and transferring personnel and maintaining these facilities until final disposition were charged to earnings.

Under the terms of the agreements relating to the long term debt there are outstanding \$9 000 000 of 3¾% notes due July 15 1974 and

\$9 500 000 of 4⅞% notes due July 15 1984. The 4⅞% notes will aggregate \$15 000 000 when fully issued and will be payable in annual installments of \$1 250 000 commencing in 1975 with the balance of \$3 750 000 due at maturity. The 3¾% notes are being repaid in annual installments of \$1 000 000 to maturity.

The notes contain provisions which restrict the amount that may be declared as cash dividends on common stock. The amount not so restricted at November 30 1965 is \$8 300 000.

Each share of Series A preference stock is convertible at any time into 1 1/10 shares of the company's common stock. The issue may not be redeemed prior to June 15 1969 from that date to June 15 1974 it may be redeemed at \$36 per share and \$33 per share thereafter.

Under a stock option plan approved by the shareholders there are options outstanding at November 30 1965 to purchase 55 000 shares of common stock at prices varying from \$21 to \$29 375 per share. Options for an additional 45 000 shares may be granted in the future.

ACCOUNTANTS' REPORT

PEAT MARWICK MITCHELL & CO

Certified Public Accountants

CINCINNATI OHIO

THE BOARD OF DIRECTORS
THE EAGLE PICHER COMPANY

We have examined the consolidated balance sheet of The Eagle Picher Company and its domestic subsidiaries as of November 30 1965 and the related statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated statement of income and retained earnings present fairly the financial position of The Eagle Picher Company and its domestic subsidiaries at November 30 1965 and the results of their operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

January 24 1966

PEAT MARWICK MITCHELL & CO

SOME FACILITIES CONSTRUCTED DURING 1961-1965



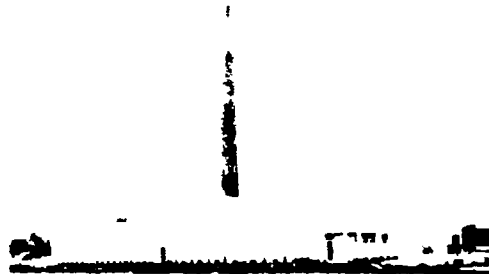
GRABILL INDIANA



AKRON OHIO



HAYWARD CALIFORNIA



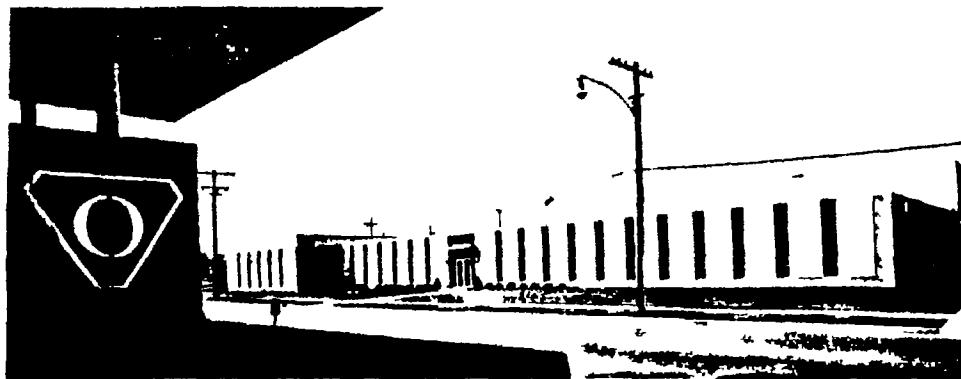
INGERSOLL ONTARIO CANADA



PARIS ILLINOIS



JOPLIN MISSOURI



WILLOUGHBY OHIO



QUAPAW OKLAHOMA



SOCORRO NEW MEXICO

TEN YEAR SUMMARY

FOR THE FISCAL YEARS 1956 1965							
SOURCE AND APPLICATION OF FUNDS	SOURCE				APPLICATION		
	Net Income	\$41 493 772			Dividends Paid	\$24 006 324	
	Depreciation Depletion and Amortization	31 140 560			Capital Expenditures	47 949 430	
	Issuance of Preference Stock	8 250 000			Increase in Working Capital	12 504 488	
	Increase in Long Term Debt	2 500 000			Increase in Other Assets	3 253 795	
	Disposition of Fixed Assets	4 371 127			Patents Acquired	2 107 783	
	Deferred Federal Income Taxes	2 800 000			Miscellaneous	733 639	
		<u>\$90 555 459</u>				<u>\$90 555 459</u>	

SALES EARNINGS DIVIDENDS	YEAR ENDED NOV 30	NET SALES	DEPRECIATION DEPLETION AND AMORTIZATION	INCOME BEFORE FEDERAL TAXES	NET INCOME	NET INCOME PER COMMON SHARE	DIVIDEND PER COMMON SHARE
	1965	\$164 155 507	\$4 001 465	\$9 677 783	\$5 777 783	\$2 66	\$1 20
	1964	130 674 203	3 271 548	7 611 088	4 311 088	2 11	1 20
	1963	116 183 896	2 878 079	6 690 826	3 575 826	1 77	1 20
	1962	116 005 658	2 824 575	6 744 074	3 444 074	1 70	1 20
	1961	109 894 704	2 783 846	4 833 037	2 683 037	1 30	1 20
	1960	120 835 294	2 783 440	7 967 088	3 867 088†	1 89	1 20
	1959	120 925 049	2 987 784	9 671 646	4 671 646	2 29	1 10
	1958	98 132,667	3 296 731	3 990 094	2 090 094	1 04	1 10
	1957	117 752 694	3 216 858	7 531 706	4 266 706	2 13	1 10
	1956	116 407 000	3 096 237	11 072 794†	5 497 430 ⁺	2 74	1 00

BALANCE SHEET HIGHLIGHTS	AT NOV 30	CASH AND U S GOVT SECURITIES	WORKING CAPITAL	PROPERTY PLANT AND EQUIPMENT NET	LONG-TERM DEBT	STOCKHOLDERS EQUITY	
						AMOUNT	PER COMMON SHARE
	1965	\$13 236,897	\$36 487 854	\$37 939 891	\$17 500 000	\$57 732 159	\$24 25
	1964	13 291 788	37 378 111	35 778 092	18 500 000	55 771 052	23 97
	1963	8 038 066	32 029 849	24 587 132	10 000 000	46 809 350	23 16
	1962	5 479 259	29 729 921	25 461 218	11 000 000	45 870 682	22 62
	1961	6 587 542	27 926 337	26 569 140	12 000 000	45 687 278	22 15
	1960	8 574 104	29 632 137	25 191 707	13 000 000	45 081 582	22 03
	1959	14 126 040	30 133 749	24 006 005	14 000 000	43 212 387	21 14
	1958	7 319 071	27 920 267	24 008 928	15 000 000	40 716 257	20 23
	1957	11 472 791	27 786 595	23 549 875	15 000 000	40 858 362	20 37
	1956	13 947 086	27 298 811	24 389 349	15 000 000	38 899 244	19 35

*Based on actual number of shares outstanding adjusted to present capitalization

†Net income excludes non recurring profit of \$900 000 in 1960 and \$409 000 in 1956

PRINCIPAL PRODUCTS AND PROPERTIES

PRINCIPAL PRODUCTS—Tire molds airbag molds and bladder molds
★ Collapsible tire building drums—auto and radial ★ Tire building and rubber processing machinery ★ Tire testing machinery ★ Mechanical rubber and fiberglass molds ★ Steel castings ★ Iron castings ★ Precision aluminum castings and retreading equipment ★ Fabric processing equipment ★ Predip and calendar lines

PLANTS AKRON GREENWICH BARBERTON AND CLEVELAND OHIO
STOUFFVILLE ONTARIO CHAM W GERMANY



**THE AKRON
STANDARD MOLD COMPANY**

PRINCIPAL PRODUCTS—Zinc and lead chemicals ★ Cadmium ★ Slab zinc ★ Chat ★ Sulphuric acid ★ Fertilizer additives ★ Copper concentrates

PLANTS AND MINES *Plant* JOPLIN MISSOURI GALENA AND HILLS BORO ILLINOIS GALENA KANSAS COMMERCE CRFTA AND HENRYFTTA OKLAHOMA LINDEN AND SHULLSBURG WISCONSIN *Mines* OKLAHOMA ILLINOIS WISCONSIN KENTUCKY



CHEMICALS AND METALS DIVISION

PRINCIPAL PRODUCTS—Porcelain enamel fits for home appliances plumbing ware lighting fixtures architectural paneling outdoor signs and other products requiring protective finishes ★ Lusterlite all porcelain enameled gasoline service stations

PLANTS CICERO AND PARIS ILLINOIS INGERSOLL ONTARIO



CHICAGO VITREOUS CORPORATION

PRINCIPAL PRODUCTS—Industrial and manufacturers wire ★ Concrete reinforcing wire products ★ Chain link fence fabric ★ High carbon wire ★ Baling wire ★ Building wire products ★ Merchant wire products

PLANTS LOS ANGELES AND HAYWARD CALIFORNIA SEATTLE WASHINGTON



DAVIS WIRE CORPORATION

PRINCIPAL PRODUCTS Special purpose electric power supplies ★ Electronic test instruments and component modules ★ Germanium gallium boron and various electronic metals and compounds ★ Electronic connectors ★ Precision metal products ★ Railroad signal equipment ★ Fire and emergency call boxes

PLANTS JOPLIN MISSOURI MIAMI AND QUAPAW OKLAHOMA SOCORRO NEW MEXICO



ELECTRONICS DIVISION

PRINCIPAL PRODUCTS—Flexible packaging materials ★ Automotive parts such as door trim panels trunk liners insulating mats and composite trim parts ★ Injection and compression molded plastic parts ★ Lamin Art hi pressure laminates ★ Custom impregnated papers and textiles

PLANTS RIVER ROUGE MICHIGAN PHILADELPHIA PENNSYLVANIA LOS ANGELES CALIFORNIA GRABILL INDIANA



FABRICON PRODUCTS

PRINCIPAL PRODUCTS—High temperature insulating blocks boards cements laminates blankets felts and pipe covering ★ Superglas high temperature inorganic fibers gaskets combustion chamber liners sheets and molded fiber parts ★ Diatomaceous earth filter aids aggregate absorbents catalyst supports insecticide carriers fertilizer conditioners paint fillers paper fillers soil conditioners

PLANTS CLARK AND COLADO NEVADA JOPLIN MISSOURI



FIBERS AND MINERALS DIVISION

PRINCIPAL PRODUCTS—Custom engineered and precision products of natural and synthetic rubbers silicones and polyurethanes ★ Seals ★ Semipneumatic hard and soft tread tires and wheels ★ Flexible hose ★ Automotive floor covering ★ Energy absorbing devices of molded rubber to metal

PLANTS THE OHIO RUBBER COMPANY—WILLOUGHBY OHIO CONNEAUT VILLE PENNSYLVANIA STRATFORD CONNECTICUT THE PREMIER RUBBER MANUFACTURING COMPANY—DAYTON OHIO



RUBBER PRODUCTS DIVISION

THE EAGLE PICHER COMPANY

DIRECTORS

WILLIAM D ATTEBERRY
 DAVID M FORKER JR
 ALBERT E HEEKIN JR
 CARL F HERTENSTEIN
 DANIEL W LeBLOND
 STANLEY R MILLER
 HAROLD F NUNN
 ARTHUR W SCHUBERT
 RICHARD SERVISS
 T SPENCER SHORE
 GEORGE A SPIVA
 WALTER P VOTH
 WILLIAM H ZIMMER

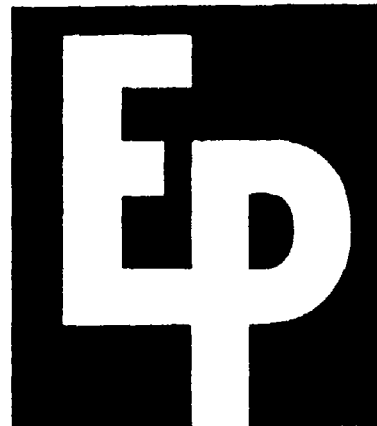
OFFICERS

T SPENCER SHORE PRESIDENT	
WILLIAM D ATTEBERRY EXECUTIVE VICE PRESIDENT	WILBUR H PETER JR VICE PRESIDENT
HAROLD F NUNN EXECUTIVE VICE PRESIDENT	RICHARD SERVISS SECRETARY AND GENERAL COUNSEL
DONALD R CARTER VICE PRESIDENT	WALTER P VOTH VICE PRESIDENT
MELVIN F CHUBB VICE PRESIDENT	JAMES L WALKER VICE PRESIDENT
JOHN C HEISLER VICE PRESIDENT AND TREASURER	HAROLD E ANDERSON COMPTROLLER
JEFFERSON W HUDSON VICE PRESIDENT	CHARLES S DAUTEL ASSISTANT SECRETARY
LEROY A JOHNSON VICE PRESIDENT	CORBIN E SHOUSE ASSISTANT SECRETARY
PHILIP D McMANUS VICE PRESIDENT	ARTHUR C ZIMMERMAN ASSISTANT SECRETARY

TRANSFER AGENTS Morgan Guaranty Trust Company of New York
 The Central Trust Company Cincinnati

REGISTRARS The Chase Manhattan Bank New York
 The Fifth Third Union Trust Company Cincinnati

EAGLE



PICHER